

FILED

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

MAR 18 2005

NEBRASKA DEPARTMENT
OF INSURANCE

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| STATE OF NEBRASKA |) | |
| DEPARTMENT OF INSURANCE, |) | |
| |) | ORDER SUSPENDING |
| PETITIONER, |) | CERTIFICATE OF AUTHORITY |
| |) | |
| VS. |) | |
| |) | |
| AF&L INSURANCE |) | CAUSE NO. C-1516 |
| COMPANY, |) | |
| |) | |
| RESPONDENT. |) | |

AF&L Insurance Company is a Pennsylvania insurance company holding a Certificate of Authority to transact the business of insurance in Nebraska. As of December 31, 2004, AF&L Insurance Company reported Total Capital and Surplus of negative \$728,622, in violation of the requirements in Neb.Rev.Stat. §44-214.

As a result of this development, the Director of Insurance for the State of Nebraska has reasonable cause to believe that AF&L Insurance Company is in such condition that the further transaction of its business would be hazardous to the public or to holders of its policies or certificates of insurance. Therefore, the Director of Insurance for the State of Nebraska is authorized to suspend AF&L Insurance Company's Nebraska Certificate of Authority pursuant to Neb.Rev.Stat. §44-134 and §44-4817.

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to the Neb.Rev.Stat. §44-134 and §44-4817, that the Nebraska Certificate of Authority held by AF&L Insurance Company is hereby suspended. Accordingly, National Financial Insurance Company shall immediately cease writing any new business in the State of Nebraska.


IT IS FURTHER ORDERED that all appointments of agents of AF&L Insurance Company filed with the Nebraska Department of Insurance are suspended and that National Financial Insurance Company shall immediately notify such appointed agents of this Order and its terms.

IT IS FURTHER ORDERED that this suspension of the Nebraska Certificate of Authority held by AF&L Insurance Company shall not prohibit the renewal of insurance policies in existence prior to the date of this order.

IT IS FURTHER ORDERED that AF&L Insurance Company shall have ten days from the date this Order is received to seek administrative review of this Order by mailing a written request to the Director of Insurance for the State of Nebraska for a hearing on this matter.

Dated this 18th day of March 2005.

DEPARTMENT OF INSURANCE
STATE OF NEBRASKA



L. TIM WAGNER
Director of Insurance

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Order Suspending Certificate of Authority was served upon the President of AF&L Insurance Company, at 1800 Street Road, PO Box 368, Warrington, Pennsylvania 18976, the Insurance Commissioner of the State of Pennsylvania, and upon Sonya Eckart, of the Nebraska Life and Heath Insurance Guaranty Association, by first-class mail, on March 21st, 2005.

